



Mike Huckabee  
Governor

# Arkansas Department of Human Services

## Office of the Director

329 Donaghey Plaza South  
P.O. Box 1437  
Little Rock, Arkansas 72203-1437  
Telephone (501) 682-8650 FAX (501) 682-6836 TDD (501) 682-7958

December 15, 1997

Cynthia L. Johnson, Director  
Cash Management Policy and Planning Division  
Financial Management Service  
United States Department of the Treasury  
401 14th Street, S.W., Room 420  
Washington, D.C. 20227

Dear Ms. Johnson:

Arkansas Department of Human Services submits these comments on the U.S. Department of Treasury's proposed rulemaking regarding management of federal agency disbursement through electronic funds transfer (EFT) and electronic benefits transfer (EBT), 62 Fed. Reg. 48714 (September 16, 1997). The proposed regulations implement the "second phase" of section 31001(x) of the Debt Collection Improvement Act of 1996, which requires federal agencies to convert all federal payments from checks to electronic transfer by 1999. Specifically, the rulemaking seeks comments on the characteristics that an EFT or EBT account should have for an individual who does not have an account at a financial institution.

Arkansas, along with a coalition of states including Alabama, Florida, Georgia, Kentucky, Missouri, North Carolina, and Tennessee called the Southern Alliance of States (SAS), is currently in the process of implementing a joint federal/state EBT system to deliver federal and state benefits on a single access card, using the existing commercial infrastructure. The federal benefits include Social Security, Supplemental Security Income, Veterans' benefits, and Railroad Retirement benefits. State benefits include Food Stamps and cash assistance. The SAS project is proceeding pursuant to the congressional directive enacted in 1996, "to continue the existing EBT (SAS) pilot to disburse benefit payments electronically to recipients who do not have an account at a financial institution...as described in the Invitation for Expressions of Interest to Acquire EBT Services for the Southern Alliance of States..." See Section 3336(b) of Title 31, United States Code.

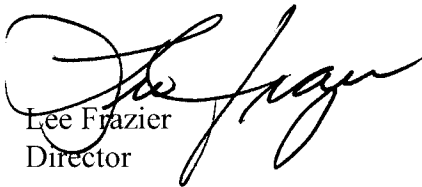
Arkansas and four of the other SAS states have already implemented their EBT systems; all eight states intend to be operational within the next calendar year. The rulemaking notice indicates that Treasury could specify different characteristics for accounts to be established pursuant to a new rule for delivery of federal benefits only to those without

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their own accounts. It also indicates that existing delivery systems like the SAS project would remain in place as an alternative, thus preserving for recipients the opportunity to have just one account for electronic receipt of all government benefits, state and federal.

Arkansas Department of Human Services urges the Treasury Department to include in the text of the final rule a provision for continuing existing arrangements such as the SAS project, and confirming that the accounts established in the SAS project will satisfy the requirements of EFT and EBT, consistent with section 3336(b) of Title 31, United States Code.

Sincerely,

  
Lee Frazier  
Director

LF:RH:RK:DC